

APPENDIX XV.

CHAPTER VIII.—ARTICLE 141

Loans.

(This Appendix contains mostly the Account rules regarding the grant and recovery of Loans. The detailed rules are given in the Revenue and other Departmental Manuals.)

Land Improvement and Takavi Loans.

1. (a) The following are the several kinds of Land Improvement and Takavi Loans granted under Section 10 of the Land Improvement Loans Regulation and Section 194 of the Mysore Land Revenue Code.

(i) Under the old rules, i.e., the rules issued prior to those contained in Government Notification No. R. 4319—Agri. 91-08-4, dated 2nd January 1909 and published in the *Mysore Gazette* of 4th January 1909.

- (1) Advances for irrigation wells.
- (2) Loans for do
- (3) Loans for sagualli kattes.
- (4) Loans for improvement of lands.
- (5) Loans for restoration of tanks.
- (6) Takavi advances.

(ii) Under the new rules issued by Government in the above notification.

- (7) Land improvement loans.
- (8) Takavi loans.

(b) Detailed rules regulating the grant of these loans are given in Chapter XX Mysore Revenue Manual Vol. I and pages 171 to 213, Vol. III of the Manual.

(c) The officers mentioned below shall be competent to sanction loans not exceeding the sums specified against them:—

	Rs.
Amildars and Deputy Amildars	...
Sub-Divisional officers and Assistant Commissioners in charge of Sub-Divisions	.. 500
Deputy Commissioners	.. 1,000
Revenue Commissioner	.. 2,500

(d) The rate of interest charged shall be 5 per cent per annum, except in the case of subsistence loans for relief of distress which are granted free of interest or at a reduced

interest. Interest at $6\frac{1}{2}$ will be charged on overdue instalments as provided for in rule (x) of the rules regulating these advances and loans.

NOTE.—The rates of ordinary and penal interest chargeable on loans sanctioned on and after 24th March 1921, will be $6\frac{1}{2}\%$ and 8% respectively per annum. (G. O. No. R. 10560-9—R. M. 35-20-1, dated 24th March 1921).

(e) Loans shall be repayable by fixed annual payments, discharging both principal and interest, calculated according to the tables given in Annexures A. to D.

If a person who has taken a loan offers to discharge the loan once for all, it would be sufficient to recover in one lump sum the interest on the principal from the date of disbursement of the loan up to the date of repayment. (G. O. No. R. 3530-38—Agri. 31-10-2 dated 25th November 1910.)

(b) Articles 149 to 155 describe the special procedure prescribed for drawing and accounting of Land Improvement and Takavi Loans and any other advances which revenue officers are allowed or directed to make in connection with Land Revenue, Agriculture or Famine under any order of Government.

(g) *Concessions to settlers in the Malnad.*—Advances not exceeding Rs. 200 for a single family are granted to settlers in malnad for the purchase of the necessary agricultural stock and implements in cases where such assistance is called for and some local men of sufficient means stand surety, subject to the condition that the amount should be repaid in not more than ten yearly instalments commencing from the third year (*i. e.*) after twenty four months from the date of the payment of the loan. The Deputy Commissioner sanctions the loans and issues loan orders under rules for Takavi loans and the repayment is made as in the case of Takavi loans. The payments and recoveries are debited and credited to Takavi Loans (new rules) and statements of debits and credits, the former supported by loan orders, are sent to the Audit Office with the monthly accounts. (G. O. No. 8201-7—San. 99-15-5, dated 8th May 1916 and G. O. No. G. 15523-5—San. 35-18-7, dated 7th January 1919.)

Loans for Sericultural Improvement.

2. (a) Loans for (a) general sericultural improvement, such as setting up a rearing house and raising a mulberry plantation, and (b) organising or developing private grainages are sanctioned by the Superintendent of Sericulture up to Rs. 500 and the Director of Agriculture up to Rs. 1,000, loans exceeding Rs. 1,000 being sanctioned by Government.

(b) The sanctioned loan will be drawn from the treasury by the party on a receipt signed by him and

countersigned by the Superintendent of Sericulture with a certificate that necessary documents have been executed. A copy of the order sanctioning the loan should also be attached.

(c) The rate of interest will be 5 per cent per annum. For overdue instalments, penal interest will be charged at $6\frac{1}{4}$ per cent.

Note.—In the case of loans sanctioned on and after 8th September 1921, the rates of ordinary and penal interest will be 7% and 9% respectively. (G. O. No. L. 1402-16—A. & E. 215-20-7, dated 8th September 1921.) The ordinary rate of interest has been reduced to $6\frac{1}{4}$ per cent per annum in G. O. No. I. C. 1577—A. & E. 97-24-5, dated 4th September 1925.

(d) The amount of loan is repayable in fixed annual payments, discharging both principal and interest. The period allowed for the repayment of the entire loan shall not exceed ten years.

(e) In all matters relating to the disbursement, repayment and recovery of the loan, not expressly provided for in these rules, the provisions of the Land Improvement and Takavi loans shall apply. (G. O. No. I. C. 1577—A. & E. 97-24-5, dated 4th September 1925.)

Loans for fruit cultivation.

3. (a) Loans not exceeding Rs. 3,000 in any single case are granted for the purpose of organising nurseries of fruit trees, and for planting or improving fruit gardens of more than an acre in extent in the State.

(b) The following officers are empowered to sanction loans not exceeding the sums specified against them, on each individual application:—

	Rs.
Amildars and Deputy Amildars ..	100
Sub-Divisional Officers and Assistant Commissioners in charge of Sub-Divisions ..	250
Dputy Commissioners. ..	500
Superintendent, Government Gardens. ..	500

(G. O. No. 3601-14. A & E. 71-20-3, dated 6th October 1920).

Loans for sums exceeding Rs. 500 will be sanctioned by Government.

(c) The loan, which may be drawn in such instalments as may be fixed by the authority sanctioning it, shall bear interest at $6\frac{1}{4}$ per cent per annum and shall be discharged in seven equal instalments both principal and interest to be paid before the end of May, the first instalment falling due on the 1st May of the third year after the loan is sanctioned. For overdue instalments penal interest at $6\frac{1}{4}$ per cent shall be charged.

Note.—The rates of ordinary and penal interest for loans granted on and after 8th September 1921 will be 7 and 9 per cent per annum respectively.

(G. O. No. L. 1402-16- A. & E. 215-20-7, dated 8th September 1921.)

(d) The sanctioned loan will be drawn from the Treasury on loan orders issued by the Deputy Commissioners and the Superintendent, Government Gardens supported by a certificate that necessary documents have been executed.

(e) In all matters relating to payment, etc., of the loan not specially provided for in the rules the provisions of the rules issued under notification No. R. 4319—Agri. 91-08-4, dated 2nd January 1909 (Land Improvement and Takavi loans) shall apply as far as possible (G. O. No. 4300-14—A. & E. 117-17-9, dated 22nd November 1918.)

Loan for horse, pony and cattle breeding.

4. (a) Loans up to a limit of Rs. 5,000 may be granted for the encouragement of the breeding of horses, ponies and cattle for any, or all, of the purposes mentioned below:—

Purchase of stock.

Construction of stables, lines-stalls and appurtenances.

Purchase of fodder and drugs.

Purchase of vehicles and implements.

Any other object immediately connected with the stud or breeding farm.

(b) The loans shall carry interest at 5 per cent per annum and the authority to sanction them shall vest as below:—

Deputy Commissioners of districts. up to Rs. 2,000

Government above Rs. 2,000

(G. O. No. 4760-75 A. & E. 65-18-2 dated 2nd December 1918.)

(c) The loan shall be discharged in ten years from the date of disbursement. Only interest will be paid during the 1st three years and the principal shall be recovered in seven equal annual instalments commencing from the fourth year, together with interest at 5 per cent on the balance of the principal outstanding. (G. O. No. 6400-15—A. & E. 129-19-2, dated 17th January 1920.)

NOTE.—The rates of ordinary and penal interest in the case of loans granted on and after the 8th September 1921 will be 7% and 9% respectively (G. O. No. 1402-16—A. & E. 215-20-7, dated 8th September 1921.)

(d) The loan is drawn from the treasury on loan orders issued by the Deputy Commissioners supported by a certificate that the necessary documents have been executed.

Loans to Municipalities and District Boards.

5. (a) Loans to Municipalities are granted by Government for the execution of approved works of sanitation, and

no loans will be given unless some definite source of revenue is assigned for the repayment of the same. (*G. O. No. 11541-50—L. F. 262-96, dated 14th April 1899 and G. O. No. Fl. 8065-77—Ml. 246-05, dated 23rd May 1906*).

(b) The agreement to be executed by Local bodies will be in Form 61 (*G. O. No. L. 2224-43—Ml. 95-23-13, dated 13th September 1924*).

(c) The rate of interest shall be fixed at 7 per cent, ordinary and 9 per cent, penal.

Note.—As regards loans issued prior to 4th April 1921, the penal rate shall be enhanced from 6 per cent (the then existing rate) to 9 per cent if defaults have been made in repayment, unless a definite penal rate has been specifically fixed in the agreement relating to the loan in question (*G. O. No. R. 11030-41 Ml. 201-20-1, dated 4th April 1921*).

(d) Payment of the loan at the treasury is authorised by the Comptroller in each case.

Loans to Jahgirdars.

6. (a) In the case of most of the loans under this head, the estates mortgaged as security are under Government management. The receipts and expenditure of these estates are credited and debited to "19 Other Deposits. (a) Private estates under Government management. (1) For repayment of loans."

(b) The balances available at the end of the year for adjustment towards the several loan accounts are intimated to the Comptroller by the Deputy Commissioner in his monthly statement for June and the former makes the adjustments in the manner indicated in Article 237.

(c) When an instalment is not paid on due date, it shall carry interest at 12 per cent per annum until duly paid. When any instalment has been in arrears for six months, the entire balance of debt including the instalment in arrears (with interest on the whole) shall be forthwith recoverable in one lump. Both an instalment in arrears and the balance of debt shall be recoverable as a revenue demand. (*G. O. No. 5749-51—R. 869, dated 23rd September 1894*.)

In cases in which the mortgaged villages are in the possession of Government, there ought to be no delay in appropriating income realised towards the interest due, as it is possible for the Deputy Commissioner to make arrangements for the prompt adjustment of such accounts. But, if, however, from causes beyond control such a delay is inevitable, the penal rate of interest will not be levied. (*G. O. No. R. 3565-73—Mis. 535-03-33, dated 16th September 1905*).

Loans to Co-operative Societies and Agricultural Banks.

7. (a) Loans not exceeding Rs. 2,000 may be made to any Co-operative Society, out of the advance placed at the disposal of the Registrar. Loans not exceeding Rs. 1,000 will be sanctioned by the Registrar and loans exceeding Rs. 1,000 require the special sanction of Government.

(b) All advances to a society shall be free of interest for the first two years and will afterwards, subject to clause (h), bear interest at 5 per cent per annum.

NOTE.—The rate of ordinary interest chargeable on loans sanctioned on and after the 19th April 1921 will be $6\frac{1}{2}$ per cent per annum (G. O. No. 9990—E. C. 101-20-3, dated 19th April 1921).

(c) The advances shall be repayable in not more than three annual instalments commencing after the lapse of two years after the grant of the advance.

But the Registrar of Co-operative Societies may at his discretion prescribe a shorter period for repayment according to the circumstances of each case.

(d) The Registrar, may sanction the payment of advances from any treasury or sub-treasury, and may prescribe the number of instalments of repayment and the dates on which each instalment is to be repaid.

(e) The Registrar shall send the original order sanctioning an advance to the society and a duplicate copy to the Comptroller.

(f) Payment of any advance so sanctioned shall be made to the persons authorised to receive the advance on behalf of the society on their producing the Registrar's orders and executing an agreement in duplicate in the prescribed form.

(i) Where the payment of the loan sanctioned by the Registrar has to be made in a District treasury, the society to which the loan is sanctioned should execute the necessary documents before the Deputy Commissioner or one of the Assistant Commissioners; and on production of a certificate that this has been done, payment should be made by the Treasury Officer.

(ii) Where the payment is to be made in a Taluk treasury, the documents must be executed before the Amildar and payment should be made on production of a certificate to that effect.

All documents relating to these loans before whomsoever executed should be sent to the Deputy Commissioner for safe custody and a copy of the agreement forwarded to the Registrar. (G. O. No. Fl. 1985-94—E. C. 108-20-12, dated 27th September 1921 and G. O. Fl. 4091-100—C. S. 39-21-2, dated 18th February 1922.)

(g) The Registrar may, if sufficient cause is shown and if all interest due has been paid, suspend the repayment of any instalment.

Whenever the Registrar makes an order of suspension he shall forthwith send a copy thereof to the Deputy Commissioner of the district and to the Comptroller.

When an order of suspension is made in respect of any instalment the repayment of that instalment and of all subsequent instalments shall be postponed for one instalment period.

(h) If any instalment due from any society is not fully repaid on the due date, interest at 6 per cent per annum to the date of repayment shall be recoverable on the amount overdue unless the Registrar by special order exempts the society from this liability. Such orders are to be formally reported for the approval of Government.

The Deputy Commissioner to whom instalments are repayable shall give prompt notice to the Registrar of default in repayment of any instalment.

NOTE.—The rate of penal interest chargeable on loans sanctioned on and after the 19th April 1921 will be 8 per cent per annum (*G. O. No. 9990—E. C. 101-20-3, dated 19th April 1921.*)

8 (a) Loan not exceeding Rs. 2,500 shall be granted by the Registrar out of the amount placed at his disposal to Weavers Co-operative Societies which have, for their objects, the financing of their members, the common purchase of yarn, dye-stuffs and other raw material, the supply of improved patterns and implements or the purchase and sale of the finished goods made by the members. Loans in excess of Rs. 2,500 require the sanction of Government.

(b) The loan made under these rules shall carry interest at 5 per cent per annum.

NOTE.—The rate of ordinary interest chargeable on loans sanctioned on and after the 19th April 1921 will be $6\frac{1}{2}$ per cent per annum. (*G. O. No. 9990—E. C. 101-20-3, dated 19th April 1921.*)

(c) The loans with interest due thereon shall be repayable in five equal annual instalments except where it exceeds Rs. 2,500 when the term of repayment shall be fixed by the Government.

(d) The sanction of the loan shall be intimated by the Registrar to the Society concerned in the prescribed form a copy of this form being simultaneously sent to the Comptroller and the Deputy Commissioner of the District for information. When the loan is sanctioned by Government, the number and date of the Government Order sanctioning it should be noted in the form.

(e) (i) Payment of a sanctioned loan shall be made in one or more instalments as may be ordered by the Registrar to persons authorized by him to receive payment, on behalf of the Society to which the advance is sanctioned on their executing a document in duplicate in the prescribed form. One copy of the agreement shall be sent for safe custody to the Deputy Commissioner as provided in sub clause (iv) *infra* and the other shall be forwarded to the Registrar.

(ii) Where the payment of the loan sanctioned by the Registrar has to be made in a District treasury, the Society to which the loan is sanctioned should execute the necessary documents before the Deputy Commissioner or one of the Assistant Commissioners and on production of a certificate that this has been done, payment should be made by the Treasury Officer.

(iii) Where the payment is to be made in a Taluk treasury, the documents must be executed before the Amildar and payment should be made on production of a certificate to that effect.

(iv) All documents relating to these loans before whomsoever executed should be sent to the Deputy Commissioner for safe custody. (G. O. No. Fl. 1985-94—E. C. 108-20-12, dated 27th September 1921).

(f) If any instalment of principal or interest due from a Society is not paid on the date on which it is due it shall be open to the Registrar to charge interest up to $7\frac{1}{2}$ per cent per annum on the instalment overdue and it shall also be open to him to recover the whole advance with interest.

NOTE.—The rate of penal interest chargeable on loans sanctioned on and after the 19th April 1921 will be 8 per cent per annum. (G. O. No. 9990—E. C. 101-20-3, dated 19th April 1921.)

(g) If sufficient cause is shown, the Registrar may exempt a society from the operation of clause (f) above and he shall communicate such exemption to the Government, the Comptroller, and the Deputy Commissioner of the district in which the Society is situated. (G. O. No. 8180-62—E. C. 67-16-2, dated 3rd March 1920.)

9. The loans due by the Agricultural Banks are recoverable with interest at 4 per cent per annum calculated half-yearly till the balances of debt are fully discharged.

Note.—The amounts paid by members of defunct Agricultural Banks, in excess of the balance of loan due to Government by the banks as a whole, are credited under a separate deposit head "19 other deposits (e) deposits of excess recoveries from Agricultural Banks". The excess recoveries referred to above are utilized by Government for transfer to local institutions for purposes of public utility, on the recommendation of the Registrar of Co-operative Societies. On receipt of

orders of Government, the Comptroller authorizes the treasuries to pay the amounts to the institutions concerned, on production of receipts countersigned by the Deputy Commissioners.

Loans for Encouragement of Industries and Commerce.

10. (a) Loans not exceeding Rs. 6,000 in each individual case are granted by Government to P. (1) Merchants for travelling in foreign countries with a view to acquire industrial and commercial knowledge. (*G. O. No. 4592-4—A. & I. 90-15-3, dated 13th March 1916.*) (2) Companies and individuals under special orders of Government and not coming under the rules contained in G. O. No. 2097-145—G. M. 55-12-239, dated 2nd September 1913 as regards loans for Agricultural and Industrial operations and purchase of machinery. P. (3) Individuals for starting high class hotels in Bangalore and Mysore. (*G. O. No. 1726-75—A. & I. 239-14-10, dated 28th August 1916.*)

(b) On receipt of Government orders sanctioning a loan, instructions are issued by the Comptroller for payment, and the party may draw the amount on a voucher bearing a certificate of the Deputy Commissioner or other officer recommending the loan that the required bonds have been executed. The number and date of the Government order sanctioning the loan, the purpose of the loan, and the full name of the debtor should be clearly noted on the voucher. The officer on whose recommendation the loan was sanctioned will watch the recoveries, and if any instalment falls into arrears, he will take action for recovery in accordance with rules.

Loans for rural and cottage Industries.

11. (a) In order to develop small industries, loans not exceeding Rs. 500 in each case may be granted for any or all the purposes specified below:—

- (1) The purchase of raw material.
- (2) The purchase of tools and machinery.
- (3) In special cases, for the payment of wages, erection of small buildings and other purposes legitimately connected with small industries.

(b) The Amildar, will be competent to sanction loans up to Rs. 50; loans exceeding Rs. 50 will be sanctioned by the Deputy Commissioner.

(c) *Interest.*—Simple interest at 6½ per cent per annum shall be charged from the date of disbursement of the loan.

NOTE.—The rate of ordinary interest is raised to 6½ per cent in G. O. No. 11806-16—I. C. 336-20-3, dated 9th June 1921.

Penal interest at the rate of 9 per cent will be charged on all outstanding loans which are overdue. (G. O. No. 11306-16—I. & C. 336-20-3, dated 9th June 1921.)

(d) The time allowed for repayment of the loans and the amount of each instalment shall be fixed by the disbursing officer but such time shall not exceed three years from the date of disbursement of the loan.

(e) All loans granted under these rules shall be recoverable as arrears of Land Revenue and a stipulation to this effect shall be inserted in every agreement executed by a borrower.

(f) For all matters not referred to in the above, the provisions in Takavi Rules of September 1913, should be followed *mutatis mutandis*. (G. O. No. 6604-53—I. & C. 89-16-2, dated 16th February 1917 and 10924-36—A. & E. 24-17-36, dated 6th May 1918.)

(g) The loans are paid on loan orders issued by the Deputy Commissioners. No detailed account is kept for them in the Comptroller's office. "A Pass Book (in the prescribed form) showing the amounts credited to and drawn from the treasury on account of these loans will be maintained by the Taluk Office and should be sent to the treasury section with every remittance made to the treasury on account of recoveries effected for getting thereon the Treasury Officer's certificate of credit for each such credit. The loan orders issued in payment of the loans sanctioned should also be entered in the Pass Book by the Amildar and at the end of every month, the receipts and disbursements should be totalled and the balance struck. The Pass Book should then be sent to treasury and a certificate of agreement with the treasury accounts obtained before the third of the following month. (G. O. No. 10020-70—I. & C. 24-17-29, dated 8th April 1918.)

Loans for Dairy Farms.

12 (a) The Government may grant loans for starting or improving dairy farms in Mysore up to a limit of Rs. 5,000 in each case.

(b) The rate of interest on these loans shall be 5 per cent per annum. The Government may, if they deem fit, reduce the rate in special cases.

(c) The loan shall be repayable in fixed annual payments discharging both principal and interest. The period allowed for repayment of the entire loan shall not exceed ten years.

(d) In all other matters relating to disbursement, repayment and recovery of the loan, not expressly provided for, the provisions of the general Land Improvement and Takavi Loan Rules issued under Government Notn. No. R. 4391—Agri. 91-08-4, dated 2nd January 1909, shall apply. (G. O. No. 4323-38—Agri. 17-14-2, dated 29th April 1915.)

(e) The treasury procedure is the same as in the case of loans for encouragement of Industries and Commerce.

**Loans for Agricultural and Industrial Operations and
Purchase of Machinery.**

13. (a) Loans may be granted for any or all the purposes specified below :—

- (1) the purchase and erection of machinery for agricultural or industrial undertakings;
- (2) the construction of wells or tanks, of mills, warehouses and other structures necessary for agricultural and industrial operations;
- (3) the provision of raw material, working capital or appliances other than those specified above required for the carrying on of industrial operations.

(b) The Director of Industries and Commerce is competent to sanction loans not exceeding Rs. 2,500, this limit including, in the case of hire-purchase transactions, the amount deposited by the applicant. The Chairman of the Board of Industries and Commerce may sanction loans for larger sums but not exceeding Rs. 5,000. Loans for sums exceeding Rs. 5,000 shall require the sanction of Government. (*G. O. No. 8386-434—G. M. 67-13-24, dated 18th April 1914.*)

(c) The rate of interest charged shall be $6\frac{1}{4}$ per cent per annum.

NOTE.—The rate of interest has been increased in G. O. No. 3702-4—I & C 18-19-20, dated 9th October 1920 from $6\frac{1}{4}$ per cent to $6\frac{1}{2}$ per cent and in G. O. No. 11806-16—I & C 336-20-3, dated 9th June 1921 from $6\frac{1}{2}$ per cent to 7 per cent.

(d) Interest shall accrue from the date of the disbursement of the loan; or, if it is expended by the Department of Industries and Commerce, from the date on which the machinery is put in working order by that department and the borrower put in possession of the same.

(e) Loans shall be repayable by fixed annual payments, discharging both principal and interest.

Simple interest shall be charged on the loan, or, if it is disbursed in instalments, on these instalments, up to a date one year previous to the date fixed for commencement of repayment; and the total amount comprising the loan and such interest shall be recovered by annuities.

The time allowed for repayment of the loans and the amount of instalments shall be fixed by the authority sanctioning the loan, having regard to the nature and magnitude of the Agricultural or Industrial operations proposed to be undertaken; but such time shall not exceed seven years in the case

of loans for Industrial purposes, and ten years in the case of loans for Agricultural purposes, provided however that, where a loan is granted for the provision of working capital, the time allowed for repayment shall in no case exceed five years. (*G. O. No. 3702-4—I. & C. 18-19-20, dated 9th October 1920.*)

The time for repayment specified above shall count from the date on which interest becomes chargeable under Rule (d) above.

(f) The date for repayment of each instalment shall be decided by the Director of Industries and Commerce with reference to the nature of the object for which the loan is granted. But the date of the repayment of the first instalment shall not be put off for more than fifteen months from the date on which interest becomes chargeable on the loan under Rule (d) above.

(g) If from causes beyond the control of the borrower, the payment of any instalment becomes unduly burdensome to him, the repayment of this and all the subsequent instalments may, notwithstanding anything contained in Rules (e) and (f) be suspended by the Director of Industries and Commerce for a period of one instalment. Simple interest at $6\frac{1}{4}$ per cent shall be charged on all suspended instalments for the period of such suspension.

NOTE.—The rate of interest has been increased in G. O. No. 3702-4—I & C 18-19-20, dated 9th October 1920 from $6\frac{1}{4}$ per cent to $6\frac{1}{2}$ per cent and in G. O. No. 11806-16—I & C 336-20-3, dated 9th June 1921 from $6\frac{1}{2}$ per cent to 7 per cent.

(h) On every instalment which is not paid before the close of the revenue year in which payment falls due, interest at $6\frac{1}{4}$ per cent will be charged from the date on which payment ought to have been made. In calculating interest under this rule, a broken period of a month shall count as half a month or one month according as it is less or not less than 15 days and a fraction of a rupee as half rupee or one rupee according as it is less or not less than 8 annas.

NOTE.—The rate of interest has been increased from $6\frac{1}{4}$ per cent to 9 per cent. (*G. O. No. 11806-16—I. & C. 336-20-3, dated 9th June 1921.*)

(i) Repayment should ordinarily be made at the treasury of the taluk in which the work has been carried out, but with the special permission of the Director, repayment may be made at any District or Taluk treasury in the State.

(j) If an applicant so desires, he may obtain requisite machinery from the Director of Industries and Commerce on the hire-purchase system on the terms specified in the prescribed form of agreement provided the applicant deposits with application one-fourth of the value of the machinery he requires.

(k) All loans granted under these rules and all other sums falling due to Government in connection therewith, or under a contract for hire-purchase, shall be recoverable as arrears of land revenue, and a stipulation to this effect shall be inserted in every agreement executed by a borrower.

(l) If, at any time, the Director of Industries and Commerce is satisfied that any person or persons who have received a loan, have failed to perform any of the conditions on which it was made, he may, after recording in writing the grounds of his decision, pass an order directing the recovery, forthwith, of the loan, with any interest payable thereon and costs, as an arrear of land revenue. On receipt of a certified copy of such an order the Deputy Commissioner to whom it is communicated will forthwith proceed to recover from such person or persons any sums which may remain due together with any interest payable thereon and costs, as an arrear of land revenue, provided that, with the sanction of the Director of Industries and Commerce, such officer may, at his discretion, so recover any sum less than the whole balance of the loan without prejudice to his right to recover the remainder of such balance at any subsequent time.

(m) All loans will be disbursed by the Director, and it will be the duty of the borrower to put the work in hand immediately after the receipt of the loan.

The Department of Industries and Commerce will, if requested to do so, undertake the erection and starting of machinery for private individuals or firms, and will hand over the same in good working order.

(n) The Director shall keep a register of loans and repayments under these rules, including cases of hire-purchase, in a form which he will settle in consultation with the Comptroller. This register should clearly show the stage in which each transaction stands at any particular time.

(o) Every loan sanctioned under these rules should be reported by the sanctioning authority to the Comptroller with full particulars. The Comptroller will see that the loan is sanctioned by competent authority and will watch the repayment of the instalments. (*G. O. No. G. 2097-145—G. M. 55-12-239, dated 2nd September 1913.*)

Loans to owners of lands submerged under Krishnarajasagara Works.

14. These loans are granted subject to the rules given below :—

(a) The loans will be granted on the security of the lands of the indebted raiyats.

(b) Both the principal and interest will be completely repaid in ten years.

(c) The rate of interest will be fixed at 4 per cent for the first five years and 5 per cent for the next five years.

NOTE.—The rate of ordinary interest in the case of loans issued on or after the 1st April 1921 will be $6\frac{1}{2}$ per cent per annum. (G. O. No. R. 10722-33—L. R. 292-20-1, dated 28th March 1921.)

(d) During the first two years only the interest will be recovered but at the end of the year thereafter, one-eighth of the principal together with interest on the balance of the loan then outstanding should be regularly paid.

(e) Default in the payment of interest or of the instalments on the due date will entail the recovery of the outstanding loan in full as an arrear of land revenue with enhanced interest at 6 per cent from the date of default.

NOTE.—The rate of penal interest for loans issued on or after the 1st April 1921 will be 8 per cent per annum. (G. O. No. R. 10722-33—L. R. 295-20-1, dated 28th March 1921.)

(f) The Special Land Acquisition Officer may grant loans up to Rs. 2,000 in each case. Loans above Rs. 2,000 and up to Rs. 3,000 may be granted with the sanction of the Deputy Commissioner, and loans above Rs. 3,000 and up to Rs. 5,000 with the Revenue Commissioner's sanction. Cases exceeding Rs. 5,000 require Government sanction.

(g) No loan should be granted unless the Special Land Acquisition Officer, and in the case of loans exceeding Rs. 2,000 the Deputy Commissioner, certifies that the security offered is sufficient and the title of the borrowers is free from defect.

(h) Payments are made by means of Pass Orders issued by the Special Land Acquisition Officer who sends to the Comptroller a monthly statement of loans sanctioned by him. A demand, collection and balance statement is sent by the Special Land Acquisition Officer monthly to the Comptroller for comparison with the treasury accounts, and half-yearly to the Revenue Commissioner for review. A copy of the half-yearly return is also sent by that officer to Government for information. (G. O. No. R. 906-11—L. R. 538-18-2, dated 1st August 1914.)

Loans for the restoration of Minor Tanks.

15. (a) Under section 4 (ii) of the Regulation XV of 1923, the raiyats, holding lands under a minor tank, have to bear one fourth of the actual cost of the restoration of the tank or one fourth of the probable cost whichever is less. The recoverable amount should not exceed eight times the annual assessment or eight times the annual assessment and

water rate, on the irrigable lands. The contribution is recoverable from these raiyats, in not less than five and not more than ten annual instalments, as may be fixed by the Deputy Commissioner, commencing from the year after the completion of the work.

(b) In the accounts of the Public Works Department, which carry out the works, three fourths of the expenditure incurred each month are charged to "State funds" and the remaining one fourth to "30 (b) Loans for the restoration of minor tanks". An extract from the work register maintained (by tanks) in the public works divisional office, to record the progress of outlay on these works, is sent monthly by the Executive Engineer to the Deputy Commissioner of the district, before the 10th of the succeeding month, in the special form prescribed for the purpose.

(c) The Deputy Commissioner maintains a ledger account for each individual work in the special form prescribed for the purpose. On receipt of the monthly statement of outlay from the Executive Engineer, the outlay relating to each taluk is extracted by the Deputy Commissioner and communicated to the Amildars, for maintaining the ledger accounts relating to the Taluks in the same form as in the District Office.

(d) When a work is completed, the completion report is sent by the Executive Engineer to the Deputy Commissioner with a pass book (in the prescribed form) showing the total outlay, the Government share and the raiyats' share to be recovered. On receipt of the pass book, the Deputy Commissioner will determine the amount to be actually recovered from the raiyats and intimate the same to the Comptroller for adjustment of any amount which is not recoverable from them. The pass book is then sent to the Taluk office for recovery of the amount due from the raiyats, after the necessary entries are made in the ledger maintained in the District Office. The Amildar will, after getting the Hanchigepatty prepared, hand over the pass book to the Shanbhog for recovery of the amounts due from individual raiyats. The pass book will then be in the custody of the Shanbhog.

(e) The shanbhog should, when remitting the amounts of contribution recovered from the raiyats, to the Treasury, present with the remittance, the pass book and obtain thereon the Treasury acknowledgment for the amount. These amounts will be credited under "30 (b) Loans, for restoration of minor tanks" in the Treasury accounts. The pass book will on the same day be presented by the Shanbhog to the Revenue branch of the Taluk office, which will note the recovery in a collection register and also in the Loan Ledger, maintained in the Taluk Office. At the close of each month

an extract of the entries in the collection register will be made and submitted by the Amildar to the Deputy Commissioner after verification of the total credits as per Treasury accounts.

(f) The Deputy Commissioner will, on receipt of the above statements from the Taluks, make the necessary entries in the loan ledgers and send monthly plus and minus memo of the transactions relating to each taluk, in Form 62, to the Comptroller before the 25th of the following month. In the Comptroller's Office, a ledger account is kept, by Taluks and not by Works. (*G. O. No. R. 6024-34—L. R. 451-23-2, dated 6th April 1925.*)

Miscellaneous Loans.

16. Special loans sanctioned by Government in individual cases, which do not come under any other head, such as the loan granted to the Bangalore Century Club, are classified under this head.